



**City of Santa Barbara**  
Airport Department

**DATE:** November 19, 2014  
**TO:** Airport Commission  
**FROM:** Hazel Johns, Airport Director  
**SUBJECT:** Fiscal Year 2015 Interim Financial Statement and Completed Performance Objectives July 1, 2014 – September 30, 2014

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**RECOMMENDATION:** That Airport Commission accept the interim financial statement and the complete performance objectives for the three months ended September 30, 2014.

**Discussion:**

The interim financial statements are presented with a discussion of actual revenues and expenditure for 25% of the Fiscal Year.

Revenues

Airport Department first quarter operating revenue is 7.9% above budget at \$4,174,095.

**Commercial/Industrial** revenue is 6.1% **below target** at \$1,066,418, primarily due to vacancies at two major properties. One of these properties has been rented by Big Brand Tire, which has made one payment during the FY2015 per the lease agreement. Utility revenues are down significantly from the vacancy of the restaurant at 521 Firestone.

**Non-Commercial** includes the rental received from the Fixed Base Operators, air freight operators, Ampersand, and other general aviation users and is **6.6% above target** due to increased landing fee revenues from increased general aviation activity and the timing of landing fee receipts.

The **Airline Terminal** revenues are **13.4% above target** due to increased revenue from the rental car companies. The rental car companies have indicated a change in pricing to attract more customers. Also, the revenues will be reduced by the reconciliation of the amounts paid by the rental car companies on a monthly vs. annual basis.

**Commercial Aviation** revenue, Airline Terminal building rental and landing fees for the commercial airlines and airfreight, is **11% above budget**. Changes to the United aircraft fleet mix towards bigger planes have significantly increased boarding bridge usage and landing weights above budget projections. Revenues were also impacted by the timing of landing fee receipts. Similarly, freight and charter landing weights (and fees) have increased.

Overall the **Other** revenue category is **above target** by 207%, due to a refund by the Goleta Water District for \$109,276 for expenditures in FY2014. No reimbursement to date for a half-time maintenance staff person at the rental car QTA has been received. The Airport is currently negotiating with the rental car companies to take over the maintenance of the QTA, and expects the rental car companies to assume responsibility on January 1<sup>st</sup>, which will reduce revenues by \$21,828.

Revenues	Annual Budget	YTD Actual	Remaining Balance	Percent of Variance
Commercial/Industrial	4,545,175	1,066,418	3,478,757	-6.1%
Non-Commercial Aviation	1,905,730	507,973	1,397,757	6.6%
Terminal	4,521,134	1,281,968	3,239,166	13.4%
Commercial Aviation	4,218,655	1,171,185	3,047,470	11.0%
Interest	121,300	25,762	95,538	-15.0%
Other	157,355	120,788 <sup>1</sup>	36,567	207%
<b>Total Revenues</b>	<b>15,469,349</b>	<b>4,174,095</b>	<b>11,295,254</b>	<b>7.9%</b>

<sup>1</sup> Includes \$109,276 in refunds from Goleta Water District for expenditures in FY14.

## **Expenditures**

Overall Departmental operating expenses are 10.5% below budget at \$3,530,692.

Expenses	Annual Budget	YTD Actual	Remaining Balance	Percent of Variance
Salaries & Benefits	5,723,701	1,417,398	4,306,303	-0.9%
Materials, Supplies & Services	7,946,701	1,638,608	6,308,093 <sup>2</sup>	-17.5%
Special Projects	94,926	0	94,926	-100%
Transfers-Out	20,354	5,089	15,265	0%
Debt Service	1,815,718	453,930	1,361,788	0%
Equipment	80,794	15,668	65,126	-22.4%
Appropriate Reserves	103,856		103,856	
<b>Total Expenses</b>	<b>15,786,050</b>	<b>3,530,692</b>	<b>12,255,358</b>	<b>-10.5%</b>

<sup>2</sup> Remaining balance does not include encumbrances of \$816,224.

**Salaries and Benefits** are 0.9% below budget with vacant positions during the quarter in Administration, Maintenance, Business and Properties, Patrol, and Certification and Operations. Patrol vacancies are being covered with overtime and hourly employees.

The Airport tracks **Materials, Supplies and Services** in four categories: overall supplies and services, ARFF, Engineering reimbursement, and Allocated costs. A variance of 17.5% below budget is found for overall supplies and services. **Supplies and Services** are 33.9% below budget; this calculation does not include encumbrances of \$816,224, the bulk of which are for maintenance-related contracts. **ARFF, Engineering, and Allocated Costs** will remain within the budgeted amounts.

**Special Projects** was reduced from an FY2014 budget amount of \$858,000 to \$94,926 for FY2015 to reflect the elimination of the Long-Term Lot 2 shuttle, with the exception of service during the holiday period. Staff anticipates restarting the service for the Thanksgiving holiday.

**Transfers out** were made to the T-hangar fund.

**Debt Service** for the Airline Terminal project is included in the budget. Payments will be made in December and June.

The **Equipment** budget is 22.4% below budget due to the timing of the replacement of desktop computers throughout the department, which started at the end of the first quarter.

### **Summary**

Airport revenues exceeded expenditures by \$643,403 in the first quarter. The estimated impact of Frontier Airlines changing to seasonal air service is a revenue loss of \$300,000 in FY2015.

### **P3 Objectives**

Objectives completed during the first quarter of FY2015:

- Developed special event guidelines for use of the Earle Ovington Terminal
- Updated Minimum Standards for Aeronautical Activity
- Reviewed and updated credentialing office background check database
- Achieved 97% compliance during FAA certification inspection in early July
- Awarded construction contract for the RW 15L-33R Pavement Rehabilitation project